

MODIMOLLE LOCAL MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2011

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

General Information

Mayoral committee

Executive Mayor

CLR KE Lekalakala

CLR LW van Aswegen

CLR MP Kekana

Clr S.A Sebolai (Speaker)

Clr N.G. Mashitisho (Chiefwip)

Clr J.S. Maseko

Clr R.P. Mashaba

Clr N.G Mojela

Clr S.D. Sebelebele

Clr M.P. Nyama

Clr G. Ferreira

Clr M.S Olifant

Clr M.F Marutha

Clr J. Nel

Clr S.J Moropene

Clr M.S Ledwaba

Clr Clr N.A Khanya

Clr W.L. Botes

Grading of local authority

3

Chief Finance Officer (CFO)

Mr. J. N Molekoa (Acting)

Accounting Officer

K S Lekala

Registered office

Municipal Offices

Business address

Oliver Tambo Square

Harry Gwala Street

Modimolle

0510

Postal address

Private Bag X 1008

Modimolle

0510

Bankers

First National Bank

Standard Bank

Auditors

Auditor General

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	Page
Council's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5 - 6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9 - 22
Notes to the Annual Financial Statements	23 - 34
Appendixes:	
Appendix A: Schedule of External loans	36
Appendix B: Analysis of Property, Plant and Equipment	37

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

A report of the accounting officer has not been prepared as the municipality is a wholly owned controlled entity of which is incorporated in South Africa.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Council's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the council sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the council of the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the council is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 4 to 34, which have been prepared on the going concern basis, were approved by the council on 31 August 2011 and were signed on its behalf by:

K S Lekala
Municipal Manager

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
Assets			
Current Assets			
Inventories	6	7,565,134	4,302,880
Investments	4	13,338,743	13,101,533
Other receivables	7	2,240,978	2,397,313
VAT receivable	8	-	18,060
Consumer debtors	9	24,581,874	18,813,556
Cash and cash equivalents	10	4,100	17,025,240
		47,730,829	55,658,582
Non-Current Assets			
Property, plant and equipment	2	251,823,478	236,660,962
Intangible assets	3	153,391	256,171
Prepayments		31,309,421	1,462,106
Receivables		100,267	100,267
		283,386,557	238,479,506
Non-current assets held for sale	11	500,000	500,000
Total Assets		331,617,386	294,638,088
Liabilities			
Current Liabilities			
Finance lease obligation	14	-	216,447
Trade and other payables from exchange transactions	16	31,878,591	19,556,545
VAT payable	17	5,276,715	-
Consumer deposits	18	2,681,245	2,500,978
Unspent conditional grants and receipts	15	10,987,375	9,077,485
Current portion of borrowings		-	496,421
		50,823,926	31,847,876
Non-Current Liabilities			
Other financial liabilities	13	3,132,640	3,130,599
Finance lease obligation	14	246,416	152,467
Retirement benefit obligation	5	17,016,505	12,323,194
		20,395,561	15,606,260
Total Liabilities		71,219,487	47,454,136
Net Assets		260,397,899	247,183,952
Net Assets			
Reserves			
Housing Development Fund	12&12	483,263	483,263
Accumulated surplus		259,914,634	246,700,688
Total Net Assets		260,397,897	247,183,951

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Property rates		15,905,657	12,907,381
Service charges		89,469,762	74,478,685
Rental of facilities and equipment		160,388	203,939
Income from agency services		2,666,872	2,626,423
Fines		70,650	143,962
Government grants and subsidies		70,281,476	61,117,171
	19	178,554,805	151,477,561
Other income			
Other income		4,664,788	2,146,979
Interest received	26	5,745,000	5,215,259
		10,409,788	7,362,238
Expenses (Refer to page 6)		(174,218,146)	(150,501,570)
Operating surplus		14,746,447	8,338,229
Finance costs	28	(1,532,504)	(1,557,144)
Surplus for the year		13,213,943	6,781,085

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Operating expenses			
Advertising		(404,013)	(241,404)
Auditors remuneration	29	(1,562,612)	(1,314,163)
Bad debts		(6,303,679)	(10,901,629)
Bank charges		(582,552)	(682,373)
Bulk purchases		(45,798,418)	(38,144,169)
Cleaning		(1,057,720)	(917,645)
Collection costs		(186,953)	(205,677)
Commission paid		(652,279)	(454,047)
Conferences and seminars		(154,492)	(97,962)
Professional fees - internal audit		(177,741)	(185,089)
Consulting and professional fees		(1,802,185)	(727,226)
Depreciation, amortisation and impairments		(10,477,953)	(9,348,583)
Employee costs		(56,320,017)	(48,190,992)
Entertainment		(186,351)	(162,751)
Valuation costs		(113,220)	(45,976)
Upgrade Eskom Substation		(3,800,000)	(8,084,666)
Financial training		(500,259)	(542,805)
MSIG expenses		(458,017)	(642,495)
Indigents expenditure		(2,176,253)	(3,885,124)
Programming		(1,045,215)	(588,388)
Insurance		(1,762,654)	(1,670,731)
Lease rentals on operating lease		(1,478,090)	(784,390)
Legal expenses		(1,250,553)	(3,888,958)
Loss on disposal of assets		-	(253,973)
Medical membership expenses		(806,843)	(668,429)
Motor vehicle expenses		(1,960,905)	(1,758,364)
Other expenses		(5,632,241)	(3,387,150)
Postage		(4,214)	-
Printing and stationery		(653,127)	(672,116)
Promotions		(303,649)	(275,064)
Protective clothing		(357,808)	(212,363)
Repairs and maintenance		(19,368,024)	(6,529,718)
Security		(3,451,759)	(3,049,710)
Subscriptions		(356,764)	(268,651)
Telephone and fax		(757,398)	(951,906)
Training		(59,250)	(68,324)
Transport and freight		(655,182)	(698,559)
Travel - local		(1,599,756)	-
		(174,218,146)	(150,501,570)

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Statement of Changes in Net Assets

	Housing Development Fund	Accumulated surplus	Total net assets
Figures in Rand			
Balance at 01 July 2009	483,263	239,919,603	240,402,866
Changes in net assets			
Surplus for the year	-	6,781,085	6,781,085
Total changes	-	6,781,085	6,781,085
Balance at 01 July 2010	483,263	246,700,691	247,183,954
Changes in net assets			
Surplus for the year	-	13,213,943	13,213,943
Total changes	-	13,213,943	13,213,943
Balance at 30 June 2011	483,263	259,914,634	260,397,897

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Receipts			
Sale of goods and services		105,375,317	90,360,388
Grants		70,281,476	61,117,171
Interest income		5,745,000	5,215,259
		<u>181,401,793</u>	<u>156,692,818</u>
Payments			
Employee costs		(56,320,016)	(48,190,922)
Suppliers		(114,178,640)	(59,897,276)
Finance costs		(1,532,504)	(1,472,937)
		<u>(172,031,160)</u>	<u>(109,561,135)</u>
Net cash flows from operating activities		<u>9,370,633</u>	<u>47,131,683</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(25,537,689)	(25,254,809)
Proceeds from sale of property, plant and equipment	2	-	(2)
Purchase of other intangible assets	3	-	(308,372)
Proceeds from sale of financial assets		(237,210)	(3,747,002)
Net cash flows from investing activities		<u>(25,774,899)</u>	<u>(29,310,185)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		2,041	(966,928)
Movement in borrowings		(496,421)	496,421
Finance lease payments		(122,498)	(347,457)
Net cash flows from financing activities		<u>(616,878)</u>	<u>(817,964)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(17,021,144)</u>	<u>17,003,534</u>
Cash and cash equivalents at the beginning of the year		17,025,240	21,702
Cash and cash equivalents at the end of the year	10	<u>4,096</u>	<u>17,025,236</u>

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts of property, plant and equipment
- Provision for doubtful debts
- Impairment of assets
- Other

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.2 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Years
Infrastructure	
• Roads, pavements, bridges and storm water	10
• Street names, signs and parking meters	5
• Water reservoirs and reticulation	15 - 20
• Electricity reticulation	20 - 50
• Sewerage purification and reticulation	15 - 20
• Refuse sites	15
• Security measures	5
Community	
• Parks and gardens	10 - 30
• Sport fields	20 - 30
• Community halls	30
• Libraries	30
• Recreation facilities	30
• Cemeteries	30
Other property, plant and equipment	
• Motor vehicles	5
• Plant and equipment	5
• IT equipment	3
• Office equipment	3 - 5
• Specialised vehicles	10
Finance lease Assets	
• Office equipment	5

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.3 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Years
Licenses	3
Computer software	3

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.4 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.4 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Amounts that are receivable within 12 months from the reporting date are classified as current.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.6 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.8 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.8 Provisions and contingencies (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

1.9 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.9 Revenue from exchange transactions (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, Value Added Tax and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.9 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service charges

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

1.10 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the municipality receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.10 Revenue from non-exchange transactions (continued)

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

Revenue from spot fines and summonses is recognised when payment is received.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.11 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.13 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.16 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

2011

2010

2. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	22,035,000	-	22,035,000	22,035,000	-	22,035,000
Buildings	41,077,327	(2,218,286)	38,859,041	40,883,197	(1,396,739)	39,486,458
Office equipment	2,010,072	(2,010,072)	-	2,010,072	(1,709,138)	300,934
Infrastructure	203,913,800	(23,493,397)	180,420,403	180,582,595	(16,303,623)	164,278,972
Community	7,917,443	(934,036)	6,983,407	7,908,671	(382,501)	7,526,170
Other property, plant and equipment	8,238,163	(4,712,536)	3,525,627	6,234,581	(3,201,153)	3,033,428
Total	285,191,805	(33,368,327)	251,823,478	259,654,116	(22,993,154)	236,660,962

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
Land	22,035,000	-	-	22,035,000
Buildings	39,486,458	194,130	(821,547)	38,859,041
Office equipment	300,934	-	(300,934)	-
Infrastructure	164,278,972	23,331,205	(7,189,774)	180,420,403
Community	7,526,170	8,772	(551,535)	6,983,407
Other property, plant and equipment	3,033,428	2,003,582	(1,511,383)	3,525,627
	236,660,962	25,537,689	(10,375,173)	251,823,478

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Classified as held for sale	Depreciation	Total
Land	22,535,000	-	-	(500,000)	-	22,035,000
Buildings	40,394,300	449,338	-	-	(1,357,180)	39,486,458
Office equipment	561,387	-	-	-	(260,453)	300,934
Infrastructure	147,301,208	23,524,915	(10,993)	-	(6,536,158)	164,278,972
Community	7,795,881	-	-	-	(269,711)	7,526,170
Other property, plant and equipment	2,868,731	1,280,556	(242,978)	-	(872,881)	3,033,428
	221,456,507	25,254,809	(253,971)	(500,000)	(9,296,383)	236,660,962

Assets subject to finance lease (Net carrying amount)

Office equipment	-	300,934
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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3. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	308,372	(154,981)	153,391	308,372	(52,201)	256,171

Reconciliation of intangible assets - 2011

	Opening balance	Amortisation	Total
Computer software, other	256,171	(102,780)	153,391

Reconciliation of intangible assets - 2010

	Opening balance	Additions	Amortisation	Total
Computer software, other	-	308,372	(52,201)	256,171

4. Investments

Held to maturity

Current investment

Investments totalling R13, 338,743 (2010: R32 358 107) were ceded to the DBSA and FNB respectively. These investments serve as security for the long term loans and a bank guarantee granted.

13,338,743 13,101,533

Current assets

Held to maturity

13,338,743 13,101,533

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2011 and 2010, as all the financial assets were disposed of at their redemption date.

For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.

5. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(12,323,194)	(11,306,934)
Current services cost	(489,193)	(448,106)
Finance cost	(1,108,238)	(1,016,630)
Contribution payments	438,562	448,476
Actuarial loss	(3,534,442)	-
Net liability	(17,016,505)	(12,323,194)

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
5. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	9.17 %	10.81 %
Medical cost trend rates	7.82 %	7.82 %
6. Inventories		
Water	56,962	56,962
Unsold Properties Held for Resale	919,000	919,000
Stores, materials and fuels	6,589,172	3,326,918
	7,565,134	4,302,880
7. Other receivables		
Prepayments	70	-
Fruitless and wasteful expenditure to be investigated	803,292	803,292
Sundry debtors	1,437,616	1,594,021
	2,240,978	2,397,313
8. VAT receivable		
VAT	-	18,060
9. Consumer debtors		
Gross balances		
Rates	8,631,897	6,836,907
Electricity	3,573,387	2,577,221
Water	14,048,789	8,187,158
Sewerage	3,827,037	2,911,011
Refuse	4,800,006	4,381,582
VAT	-	6,979,058
Other (sundry debtors)	13,529,982	6,310,331
	48,411,098	38,183,268
Less: Provision for debt impairment		
Electricity	(2,159,748)	(1,755,563)
Water	(6,860,954)	(5,576,963)
Refuse	(3,671,827)	(2,984,664)
VAT	(5,848,549)	(4,754,024)
Other (sundry debtors)	(5,288,146)	(4,298,498)
	(23,829,224)	(19,369,712)
Net balance		
Rates	8,631,897	6,836,907
Electricity	1,413,639	821,658
Water	7,187,835	2,610,195
Sewerage	3,827,037	2,911,011
Refuse	1,128,179	1,396,918
Housing rental	(5,848,549)	2,225,034
Other (specify)	8,241,836	2,011,833
	24,581,874	18,813,556

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
9. Consumer debtors (continued)		
Rates		
Current (0 -30 days)	1,397,782	760,812
31 - 60 days	328,115	344,370
61 - 90 days	310,853	280,930
91 - 120 days	295,458	243,784
121 - 365 days	6,299,689	5,207,011
	8,631,897	6,836,907
Electricity		
Current (0 -30 days)	215,466	436,972
31 - 60 days	216,975	60,322
61 - 90 days	83,917	37,355
91 - 120 days	65,132	31,789
121 - 365 days	832,149	11,609
> 365 days	-	243,611
	1,413,639	821,658
Water		
Current (0 -30 days)	2,561,076	227,931
31 - 60 days	600,966	152,843
61 - 90 days	736,762	138,297
91 - 120 days	561,627	110,271
121 - 365 days	2,727,404	1,980,853
	7,187,835	2,610,195
Sewerage		
Current (0 -30 days)	756,225	324,339
31 - 60 days	134,591	146,698
61 - 90 days	124,505	125,400
91 - 120 days	112,866	112,617
121 - 365 days	2,698,850	2,201,957
	3,827,037	2,911,011
Refuse		
Current (0 -30 days)	144,273	93,293
31 - 60 days	131,784	58,641
61 - 90 days	123,246	52,618
91 - 120 days	113,969	47,265
121 - 365 days	614,907	1,145,101
	1,128,179	1,396,918
VAT		
Current (0 -30 days)	-	171,143
31 - 60 days	-	253,425
61 - 90 days	-	218,485
91 - 120 days	-	181,748
121 - 365 days	(5,848,549)	1,400,233
	(5,848,549)	2,225,034

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
9. Consumer debtors (continued)		
Other (sundry debtors)		
Current (0 -30 days)	376,218	390,096
31 - 60 days	585,440	262,821
61 - 90 days	558,308	227,548
91 - 120 days	-	210,577
121 - 365 days	6,721,870	920,791
	8,241,836	2,011,833
Reconciliation of debt impairment provision		
Balance at beginning of the year	(19,369,712)	(8,468,083)
Contributions to provision	(4,459,512)	(10,901,629)
	(23,829,224)	(19,369,712)
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	4,100	3,900
Short-term deposits	-	17,021,340
	4,100	17,025,240
11. Non - current assets held for sale		
The municipality intends selling off land and buildings on which the municipal stores were previously located. The municipal stores have relocated and is centralised with the municipal workshop.		
12. Revaluation reserve		
Opening balance	483,263	483,263
13. Other financial liabilities		
Held at amortised cost		
Bank loan	3,132,640	3,130,599
An investment amounting to R 1 458 107 (2010: R1 458 107) was ceded to DBSA as security for a loan granted.		
Non-current liabilities		
At amortised cost	3,132,640	3,130,599

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
14. Finance lease obligation		
Minimum lease payments due		
- within one year	566,407	447,935
- in second to fifth year inclusive	2,247,144	-
	2,813,551	447,935
less: future finance charges	(815,930)	-
Present value of minimum lease payments	1,997,621	447,935
Present value of minimum lease payments due		
- within one year	164,258	216,447
- in second to fifth year inclusive	651,672	152,467
	815,930	368,914
Non-current liabilities	246,416	152,467
Current liabilities	-	216,447
	246,416	368,914

It is municipality policy to lease certain office equipment under finance leases.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	8,316,830	5,694,061
Finance Management Grant	545,387	1,357,869
Municipal Systems Improvement Grant	302,623	203,020
DME	1,822,535	1,822,535
	10,987,375	9,077,485

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

16. Trade and other payables from exchange transactions

Trade payables	15,941,613	2,335,207
Payments received in advanced	-	3,840,254
Other payables	1,175,803	1,051,450
Retention	2,827,558	2,174,387
Accrued leave pay	3,025,647	3,923,210
Unknown deposits	7,790,318	6,232,037
Other creditors	1,117,652	-
	31,878,591	19,556,545

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
17. VAT payable		
Tax refunds payables	5,276,715	-
18. Consumer deposits		
Electricity	2,681,245	2,500,978
19. Revenue		
Property rates	15,905,657	12,907,381
Service charges	89,469,762	74,478,685
Rental of facilities and equipment	160,388	203,939
Income from agency services	2,666,872	2,626,423
Fines	70,650	143,962
Government grants and subsidies	70,281,476	61,117,171
	178,554,805	151,477,561
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	89,469,762	74,478,685
Rental of facilities and equipment	160,388	203,939
Income from agency services	2,666,872	2,626,423
	92,297,022	77,309,047
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	15,905,657	12,907,381
Fines	70,650	143,962
Transfer revenue		
Levies	70,281,476	61,117,171
	86,257,783	74,168,514
20. Service charges		
Sale of electricity	53,428,191	44,345,405
Sale of water	29,883,076	24,312,311
Refuse removal	6,158,495	5,820,969
	89,469,762	74,478,685
21. Government grants and subsidies		
Equitable share	46,944,901	35,962,346
Finance management grant	3,812,481	1,972,222
Municipal system improvement grant	450,465	642,495
Municipal infrastructure grant	19,073,629	22,540,108
	70,281,476	61,117,171

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
22. General expenses		
Advertising	404,013	241,404
Auditors remuneration	1,562,612	1,314,163
Bank charges	582,552	682,373
Chemicals	1,057,720	917,645
Commission paid	652,279	454,047
Consulting and professional fees	3,230,479	4,801,273
Entertainment	186,351	162,751
Insurance	1,762,654	1,670,731
Conferences and seminars	154,492	97,962
Lease rentals on operating lease	1,478,090	784,390
Medical expenses	806,843	668,429
Motor vehicle expenses	1,960,905	1,758,364
Postage and courier	4,214	-
Printing and stationery	653,127	672,116
Promotions	303,649	275,064
Protective clothing	357,808	212,363
Security (Guarding of municipal property)	3,451,759	3,049,710
Subscriptions and membership fees	356,764	268,651
Telephone and fax	757,398	951,906
Transport and subsistence	655,182	698,559
Training	59,250	68,324
Travel - local	1,599,756	-
Valuation costs	113,220	45,976
Financial training	500,259	542,805
MSIG Expenses	458,017	642,495
Indigents expenditure	2,176,253	3,885,124
Programming	1,045,215	588,388
Upgrade Eskom substation	3,800,000	8,084,666
Other expenses	5,632,241	3,387,150
	35,763,102	36,926,829

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
23. Employee related costs		
Basic	36,005,776	29,248,375
Medical aid - company contributions	1,575,445	1,270,949
UIF	301,961	270,531
SDL	381,423	301,476
Leave pay provision charge	77,233	780,724
Post-employment benefits - Pension - Defined contribution plan	6,116,861	5,249,378
Overtime payments	1,401,649	1,774,036
Transport allowance	2,402,755	2,180,795
Housing benefits and allowances	192,088	177,119
Contribution to group insurance	177,288	178,914
Standby allowances	461,124	443,277
Cellphone allowances	783,996	544,546
	49,877,599	42,420,120
Remuneration of municipal manager		
Annual Remuneration	510,000	-
Allowance	173,603	-
Contributions to UIF, Medical and Pension Funds	166,397	-
	850,000	-
The position was vacant during 2010 financial year.		
Corporate and human resources (corporate services)		
Annual Remuneration	244,856	342,257
Allowance	291,963	276,113
Contributions to UIF, Medical and Pension Funds	84,100	77,156
	620,919	695,526
Health, safety and social services (emergency management services)		
Annual Remuneration	374,399	339,018
Allowance	127,956	128,954
Contributions to UIF, Medical and Pension Funds	118,564	114,344
	620,919	582,316
Procurements and infrastructure (planning, transport and environmental affairs)		
Annual Remuneration	365,117	327,241
Allowance	174,568	168,936
Contributions to UIF, Medical and Pension Funds	81,234	79,196
	620,919	575,373
24. Remuneration of councillors		
Councillors	2,199,924	2,420,203
Executive Committee Members	480,774	477,507
Executive Mayor	582,758	563,479
Speaker	466,205	456,468
	3,729,661	3,917,657

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
25. Debt impairment		
Debt impairment	6,303,679	10,901,629
26. Investment revenue		
Interest revenue		
Bank	408,400	628,405
Interest charged on trade and other receivables	2,830,587	1,972,226
Interest source	2,506,013	2,614,628
	5,745,000	5,215,259
27. Depreciation and amortisation		
Property, plant and equipment	10,477,953	9,348,583
28. Finance costs		
Finance leases	-	84,207
Current borrowings	424,266	456,677
Amortisation of held to maturity liabilities	1,108,238	1,016,260
	1,532,504	1,557,144
29. Auditors' remuneration		
Fees	1,562,612	1,314,163
30. Bulk purchases		
Electricity	42,046,553	33,651,593
Water	3,751,865	4,492,576
	45,798,418	38,144,169
31. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	-	9,849,614

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
32. Contingencies Liabilities		
32. 1 Pro active and regional town planning		
Land donated to Waterberg District Municipality and they are laible for township establishemnt costs. Modimolle appointed the town planners to establish the township. There is a dispute as to who is liable for the invoice. The town planner is holding Modimolle liable. The claim under dispute amounts to R729,600. [State the fact, that information of contingent liabilities and assets are required but not disclosed because it is not practicable to do so].		
32.2 Dispute with former Chief Financial Officer		
The former Chief Financial Officer had referred her dispute over her dismissal to the CCMA. The estimated legal cost relating to this matter amount to R20,000.		
33. Unauthorised expenditure		
Unauthorised expenditure	-	9,038,658
34. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure	-	3,311,388
35. Irregular expenditure		
Add: Irregular Expenditure - current year	-	1,249,168
36. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	356,764	231,735
Amount paid - current year	(356,764)	(231,735)
	-	-
Audit fees		
Current year fee	-	1,314,163
Amount paid - current year	-	(1,314,163)
	-	-
PAYE and UIF		
Current year payroll deductions	-	3,777,117
Amount paid - current year	-	(3,777,117)
	-	-
Pension and Medical Aid Deductions		
Current payroll deductions	-	6,612,456
Amount paid - current year	-	(6,612,456)
	-	-

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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36. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:

30 June 2011	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor D Sebelebele	-	859	859
Councillor A N Khanya	-	3,155	3,155
Councillor M F Marutha	-	2,181	2,181
Councillor S J Moropene	-	1,401	1,401
	-	7,596	7,596

30 June 2010	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor S A Sebolai	-	834	834
Councillor RR Molekoa	-	1,848	1,848
Councillor L G Trichardts	-	507	507
Councillor SF Kobe	-	2,215	2,215
Councillor M S Motshegoa	-	34	34
	-	5,438	5,438

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

37. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the annual financial statements.

MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2011

Appendix A

June 2011

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at 30 June 2010	Received during the period	Redeemed written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
11191/1	2014	450,515	-	-	450,515	-	-
LN10467	2017	1,553,980	-	-	1,553,980	-	-
NP13537	2020	1,440,276	-	-	1,440,276	-	-
LN14008/1	2011	182,250	-	-	182,250	-	-
		3,627,021	-	-	3,627,021	-	-
		3,627,021	-	-	3,627,021	-	-
		3,627,021	-	-	3,627,021	-	-

Appendix B

June 2011

Analysis of property, plant and equipment as at 30 June 2010

Yearly

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure														
Roads, Pavements & Bridges	30,731,638	-	-	-	-	-	30,731,638	(1,391,621)	-	-	-	-	(1,391,621)	29,340,017
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	62,081,121	-	-	-	-	-	62,081,121	(3,565,986)	-	-	-	-	(3,565,986)	58,515,135
Transmission & Reticulation	45,988,741	-	-	-	-	-	45,988,741	(6,960,929)	-	-	-	-	(6,960,929)	39,027,812
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	37,992,433	-	-	-	-	-	37,992,433	(3,715,760)	-	-	-	-	(3,715,760)	34,276,673
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	2,923,487	-	-	-	-	-	2,923,487	(390,066)	-	-	-	-	(390,066)	2,533,421
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	865,172	-	-	-	-	-	865,172	(279,262)	-	-	-	-	(279,262)	585,910
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180,582,592	-	-	-	-	-	-	180,582,592	(16,303,624)	-	-	-	-	(16,303,624)	164,278,968
Community Assets														
Buildings	40,883,196	-	-	-	-	-	40,883,196	(1,396,739)	-	-	-	-	(1,396,739)	39,486,457
Land	22,035,000	-	-	-	-	-	22,035,000	-	-	-	-	-	-	22,035,000
Cemetery	622,650	-	-	-	-	-	622,650	(79,709)	-	-	-	-	(79,709)	542,941
Recreational facilities	7,286,021	-	-	-	-	-	7,286,021	(302,792)	-	-	-	-	(302,792)	6,983,229
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70,826,867	-	-	-	-	-	-	70,826,867	(1,779,240)	-	-	-	-	(1,779,240)	69,047,627

Appendix B

June 2011

Analysis of property, plant and equipment as at 30 June 2010

Yearly Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	2,433,557	-	-	-	-	-	2,433,557	(1,235,143)	-	-	-	-	(1,235,143)	1,198,414
Plant & equipment	1,279,355	-	-	-	-	-	1,279,355	(427,519)	-	-	-	-	(427,519)	851,836
Office equipment	2,929,007	-	-	-	-	-	2,929,007	(2,363,661)	-	-	-	-	(2,363,661)	565,346
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk Refuse Containers	260,000	-	-	-	-	-	260,000	(156,855)	-	-	-	-	(156,855)	103,145
Emergency Equipment	758	-	-	-	-	-	758	(203)	-	-	-	-	(203)	555
Furniture Fittings	1,341,976	-	-	-	-	-	1,341,976	(726,910)	-	-	-	-	(726,910)	615,066
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,244,653	-	-	-	-	-	-	8,244,653	(4,910,291)	-	-	-	-	(4,910,291)	3,334,362
Total property plant and equipment														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	180,582,592	-	-	-	-	-	180,582,592	(16,303,624)	-	-	-	-	(16,303,624)	164,278,968
Community Assets	70,826,867	-	-	-	-	-	70,826,867	(1,779,240)	-	-	-	-	(1,779,240)	69,047,627
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	8,244,653	-	-	-	-	-	8,244,653	(4,910,291)	-	-	-	-	(4,910,291)	3,334,362
259,654,112	-	-	-	-	-	-	259,654,112	(22,993,155)	-	-	-	-	(22,993,155)	236,660,957
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-

June 2011

Analysis of property, plant and equipment as at 30 June 2010	
Yearly	Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Intangible assets														
Computers - software & programming	308	-	-	-	-	-	308	(155)	-	-	-	-	(155)	153
Other		-	-	-	-	-	-	-	-	-	-	-	-	-
	308	-	-	-	-	-	308	(155)	-	-	-	-	(155)	153
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	180,582,592	-	-	-	-	-	180,582,592	(16,303,624)	-	-	-	-	(16,303,624)	164,278,968
Community Assets	70,826,867	-	-	-	-	-	70,826,867	(1,779,240)	-	-	-	-	(1,779,240)	69,047,627
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	8,244,653	-	-	-	-	-	8,244,653	(4,910,291)	-	-	-	-	(4,910,291)	3,334,362
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	308	-	-	-	-	-	308	(155)	-	-	-	-	(155)	153
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	259,654,420	-	-	-	-	-	259,654,420	(22,993,310)	-	-	-	-	(22,993,310)	236,661,110